

AMENDED IN SENATE APRIL 21, 2014
AMENDED IN SENATE APRIL 8, 2014
AMENDED IN SENATE MARCH 18, 2014
AMENDED IN SENATE MARCH 5, 2014
AMENDED IN SENATE JANUARY 7, 2014
AMENDED IN SENATE SEPTEMBER 11, 2013
AMENDED IN SENATE AUGUST 26, 2013
AMENDED IN ASSEMBLY MAY 21, 2013
AMENDED IN ASSEMBLY APRIL 23, 2013
AMENDED IN ASSEMBLY APRIL 1, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1331

Introduced by Assembly Member Rendon
(Principal coauthors: Assembly Members Alejo and Quirk-Silva)
(Coauthors: Assembly Members Ian Calderon, Chau, Stone, and
Yamada)
(Coauthor: Senator Lara)

February 22, 2013

An act to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a clean, safe, and reliable drinking water program, by providing the funds necessary therefor through an election for the issuance and sale of bonds

of the State of California and for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

AB 1331, as amended, Rendon. Clean, Safe, and Reliable Drinking Water Act of 2014.

(1) Existing law, the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

This bill would repeal these provisions.

(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.

This bill would enact the Clean, Safe, and Reliable Drinking Water Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of \$8,000,000,000 pursuant to the State General Obligation Bond Law to finance a clean, safe, and reliable drinking water program.

This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Division 26.7 (commencing with Section 79700)
- 2 of the Water Code, as added by Section 1 of Chapter 3 of the
- 3 Seventh Extraordinary Session of the Statutes of 2009, is repealed.
- 4 SEC. 2. Division 26.7 (commencing with Section 79700) is
- 5 added to the Water Code, to read:

DIVISION 26.7. CLEAN, SAFE, AND RELIABLE
DRINKING WATER ACT OF 2014.

CHAPTER 1. SHORT TITLE

79700. This division shall be known, and may be cited, as the
Clean, Safe, and Reliable Drinking Water Act of 2014.

CHAPTER 2. FINDINGS

79701. The people of California find and declare all of the
following:

(a) Safeguarding supplies of clean and safe drinking water to
California's homes, businesses, and farms is an essential
responsibility of government, and critical to protecting the quality
of life for Californians.

(b) Every Californian should have access to clean, safe, and
reliable drinking water, consistent with the human right to water
and Section 106.3. Providing adequate supplies of clean, safe, and
reliable drinking water is vital to keeping California's economy
growing and strong.

(c) Climate change has impaired California's capacity to ensure
clean, safe, and reliable drinking water, as droughts have become
more frequent and more severe, and ecosystems have become
stressed. Higher temperatures mean less snow pack, which is the
state's largest water reservoir. Scientists project a loss of at least
25 percent of the snow pack in the Sierra Nevada Mountains by
2050. The Colorado River basin, which provides drinking water
to southern California, has experienced prolonged drought .

(d) California's water infrastructure continues to age and
deteriorate. More than 50 years ago, Californians approved the
construction of the State Water Project. In the decades that
followed, California's water leaders developed the most
sophisticated system of state, federal, regional, and local water
infrastructure anywhere in the world. In recent decades, however,
that water infrastructure and the water environment on which it
depends have deteriorated.

(e) In the years since the voters approved the State Water
Project, California's population has continued to grow, from less
than 16 million in 1960 to more than 37 million in 2010. A growing

1 population and a growing economy have put greater stress on
2 California's natural resources, including water. The Department
3 of Finance projects that California's population will reach 50
4 million by 2049.

5 (f) A growing population and a growing economy have put
6 greater stress on California's natural resources, including water.
7 Contamination of groundwater aquifers from economic activity
8 in the agricultural and industrial sectors has threatened vital
9 drinking water supplies.

10 (g) As California and its water infrastructure have grown,
11 increasing demands on California's limited water supplies and
12 deteriorating aquatic ecosystems have led to intense conflict,
13 further threatening the reliability of clean and safe drinking water.

14 79702. The people of California find and declare all of the
15 following:

16 (a) A sustainable water future can provide the means for
17 California to maintain vibrant communities, globally competitive
18 agriculture, and healthy ecosystems, which are all a part of the
19 quality of life that attracts so many to live in California.

20 (b) Responding to climate change, ensuring clean and safe
21 drinking water, and preparing for California's continued growth
22 will require a diversified portfolio of strategies and investments
23 to address the many water challenges facing California.

24 (c) Improving water quality offers one of the most immediate
25 steps to ensuring a clean and safe drinking water supply. California
26 needs water quality improvements at all parts of the hydrologic
27 cycle, from source water in the watersheds where the state's
28 drinking water supplies originate to wastewater treatment and
29 potential reuse to improve surface water quality for those who live
30 downstream.

31 (d) Addressing the challenges to the sustainability of the Delta,
32 the heart of the California water system, will help resolve some
33 of the conflicts that impede progress in improving the statewide
34 water system.

35 (e) Enhancing regional water self-reliance consistent with
36 Section 85021 offers a key strategy for addressing climate change
37 and improving water supply reliability. It helps the Delta and it
38 helps local communities to address their own water challenges.
39 Water conservation and water recycling form one part of the

1 regional water self-reliance strategy and are commonsense methods
2 to make more efficient use of existing water supplies.

3
4 CHAPTER 3. DEFINITIONS
5

6 79703. Unless the context otherwise requires, the definitions
7 set forth in this section govern the construction of this division, as
8 follows:

9 (a) “CALFED Bay-Delta Program” means the program
10 described in the Record of Decision dated August 28, 2000.

11 (b) “Commission” means the California Water Commission.

12 (c) “Committee” means the Clean, Safe, and Reliable Drinking
13 Water Finance Committee created by Section 79802.

14 (d) “Delta” means the Sacramento-San Joaquin Delta, as defined
15 in Section 85058.

16 (e) “Delta conveyance facilities” means facilities that convey
17 water directly from the Sacramento River to the State Water Project
18 or the federal Central Valley Project pumping facilities in the south
19 Delta.

20 (f) “Delta counties” means the Counties of Contra Costa,
21 Sacramento, San Joaquin, Solano, and Yolo.

22 (g) “Department” means the Department of Water Resources.

23 (h) “Director” means the Director of Water Resources.

24 (i) “Disadvantaged community” has the meaning set forth in
25 subdivision (a) of Section 79505.5.

26 (j) “Economically distressed area” means a municipality with
27 a population of 20,000 persons or less, a rural county, or a
28 reasonably isolated and divisible segment of a larger municipality
29 where the segment of the population is 20,000 persons or less,
30 with an annual median household income that is less than 85
31 percent of the statewide median household income, and with one
32 or more of the following conditions as determined by the
33 department:

34 (1) Financial hardship.

35 (2) Unemployment rate at least 2 percent higher than the
36 statewide average.

37 (3) Low population density.

38 (k) “Fund” means the Clean, Safe, and Reliable Drinking Water
39 Fund of 2014 created by Section 79717.

(l) “Integrated regional water management plan” has the meaning set forth in Section 10534.

(m) “Nonprofit organization” means an organization qualified to do business in California and qualified under Section 501(c)(3) of Title 26 of the United States Code.

(n) “Public agency” means a state agency or department, district, joint powers authority, city, county, city and county, or other political subdivision of the state.

(o) “Rainwater” has the meaning set forth in subdivision (c) of Section 10573.

(p) “Secretary” means the Secretary of the Natural Resources Agency.

(q) “Severely disadvantaged community” has the meaning set forth in subdivision (n) of Section 116760.20 of the Health and Safety Code.

(r) “Small community water system” means a community water system that serves no more than 3,300 service connections or a yearlong population of no more than 10,000 persons.

(s) “State board” means the State Water Resources Control Board.

(t) “State General Obligation Bond Law” means the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code).

(u) “State small water system” has the meaning set forth in subdivision (n) of Section 116275 of the Health and Safety Code.

(v) “Stormwater” has the meaning set forth in subdivision (e) of Section 10573.

CHAPTER 4. GENERAL PROVISIONS

79705. An amount that equals not more than 5 percent of the funds allocated for a financial assistance program pursuant to this division may be used to pay the administrative costs of that program.

79706. Unless otherwise specified, up to 10 percent of funds allocated for each program funded by this division may be expended for planning and monitoring necessary for the successful design, selection, and implementation of the projects authorized under that program. This section shall not otherwise restrict funds

ordinarily used by an agency for “preliminary plans,” “working drawings,” and “construction” as defined in the annual Budget Act for a capital outlay project or grant project. Water quality monitoring data shall be collected and reported to the state board in a manner that is compatible and consistent with surface water monitoring data systems or groundwater monitoring data systems administered by the state board. Watershed monitoring data shall be collected and reported to the Department of Conservation in a manner that is compatible and consistent with the statewide watershed program data system administered by the Department of Conservation.

79707. Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code does not apply to the development or implementation of programs or projects authorized or funded under this division other than Chapter 9 (commencing with Section 79760).

79708. (a) Before disbursing grants or loans pursuant to this division, each state agency that receives an appropriation from the funding made available by this division to administer a competitive grant or loan program under this division shall develop and adopt project solicitation and evaluation guidelines. The guidelines shall include monitoring and reporting requirements and may include a limitation on the dollar amount of grants or loans to be awarded. If the state agency previously has developed and adopted project solicitation and evaluation guidelines that comply with the requirements of this subdivision, it may use those guidelines.

(b) Before disbursing grants or loans, the state agency shall conduct three public meetings to consider public comments prior to finalizing the guidelines, as the implementing state agency determines to be necessary. The state agency shall publish the draft solicitation and evaluation guidelines on its Internet Web site at least 30 days before any public meetings held pursuant to this subdivision. Upon adoption, the state agency shall transmit copies of the guidelines to the fiscal committees and the appropriate policy committees of the Legislature.

79709. It is the intent of the people that:

(a) The investment of public funds pursuant to this division will result in public benefits that address the most critical statewide needs and priorities for public funding.

1 (b) Beneficiaries pay for the benefits they receive from projects
2 funded pursuant to this division.

3 (c) In the appropriation and expenditure of funding authorized
4 by this division, priority will be given to projects that leverage
5 private, federal, or local funding or produce the greatest public
6 benefit.

7 (d) A funded project advances the purposes of the chapter from
8 which the project received funding.

9 (e) In making decisions regarding water resources, state and
10 local water agencies use the best available science to inform those
11 decisions.

12 (f) Special consideration will be given to projects that employ
13 new or innovative technology or practices, including decision
14 support tools that support the integration of multiple jurisdictions,
15 including, but not limited to, water supply, flood control, land use,
16 and sanitation.

17 (g) Except as provided in Sections 79726 and 79727, the costs
18 of stewardship, operation, and maintenance of the projects funded
19 by this division will be paid from other sources of revenue that are
20 sustainable over the long term.

21 (h) Evaluation of projects considered for funding pursuant to
22 this division will include review by professionals in the fields
23 relevant to the proposed project.

24 (i) To the extent practicable, a project supported by funds made
25 available by this division will include signage informing the public
26 that the project received funds from the Clean, Safe, and Reliable
27 Drinking Water Act of 2014.

28 (j) Projects funded with proceeds from this division will be
29 consistent with Division 7 (commencing with Section 13000) of
30 this code and Section 13100 of the Government Code.

31 79710. (a) The California State Auditor shall annually conduct
32 a programmatic review and an audit of expenditures from the fund.

33 (b) Notwithstanding Section 10231.5 of the Government Code,
34 the California State Auditor shall report its findings annually on
35 or before March 1 to the Governor and the Legislature, and shall
36 make the findings available to the public.

37 (c) If an audit, required by statute, of a public agency that
38 receives funding authorized by this division is conducted pursuant
39 to state law and reveals any impropriety, the California State

1 Auditor or the Controller may conduct a full audit of any or all of
2 the activities of the public agency.

3 (d) The state agency issuing any grant or loan with funding
4 authorized by this division shall require adequate reporting of the
5 expenditures of the funding from the grant or loan.

6 79711. (a) Funds provided by this division shall not be
7 expended to support or pay for the costs of project or permit
8 specific environmental mitigation measures except as part of the
9 environmental mitigation costs of projects financed by this division.
10 Funds provided by this division may be used for environmental
11 enhancements or other public benefits.

12 (b) Funds provided by this division shall not be expended for
13 the acquisition or transfer of water rights except for a dedication
14 of water approved in accordance with Section 1707.

15 79712. Funds provided by this division shall not be expended
16 to pay the costs of the design, construction, operation, mitigation,
17 or maintenance of Delta conveyance facilities. Those costs shall
18 be the responsibility of the water agencies that benefit from the
19 design, construction, operation, or maintenance of those facilities.

20 79713. (a) This division does not diminish, impair, or
21 otherwise affect in any manner whatsoever any area of origin,
22 watershed of origin, county of origin, or any other water rights
23 protections, including, but not limited to, rights to water
24 appropriated before December 19, 1914, provided under the law.
25 This division does not limit or affect the application of Article 1.7
26 (commencing with Section 1215) of Chapter 1 of Part 2 of Division
27 2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and
28 11463, and Sections 12200 to 12220, inclusive.

29 (b) For the purposes of this division, an area that utilizes water
30 that has been diverted and conveyed from the Sacramento River
31 hydrologic region, for use outside the Sacramento River hydrologic
32 region or the Delta, shall not be deemed to be immediately adjacent
33 thereto or capable of being conveniently supplied with water
34 therefrom by virtue or on account of the diversion and conveyance
35 of that water through facilities that may be constructed for that
36 purpose after January 1, 2014.

37 (c) Nothing in this division supersedes, limits, or otherwise
38 modifies the applicability of Chapter 10 (commencing with Section
39 1700) of Part 2 of Division 2, including petitions related to any
40 new conveyance constructed or operated in accordance with

1 Chapter 2 (commencing with Section 85320) of Part 4 of Division
2 35.

3 (d) Unless otherwise expressly provided, nothing in this division
4 supersedes, reduces, or otherwise affects existing legal protections,
5 both procedural and substantive, relating to the state board's
6 regulation of diversion and use of water, including, but not limited
7 to, water right priorities, the protection provided to municipal
8 interests by Sections 106 and 106.5, and changes in water rights.
9 Nothing in this division expands or otherwise alters the state
10 board's existing authority to regulate the diversion and use of water
11 or the courts' existing concurrent jurisdiction over California water
12 rights.

13 (e) Nothing in this division shall be construed to affect the
14 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing
15 with Section 5093.50) of Division 5 of the Public Resources Code)
16 and funds authorized pursuant to this division shall not be available
17 for any project that could have an adverse effect on the values
18 upon which a wild and scenic river or any other river is afforded
19 protections pursuant to the California Wild and Scenic Rivers Act.

20 (f) Nothing in this division supersedes, limits, or otherwise
21 modifies the Sacramento-San Joaquin Delta Reform Act of 2009
22 (Division 35 (commencing with Section 85000)).

23 79714. Eligible applicants under this division are public
24 agencies, public utilities, federally recognized Indian tribes, state
25 Indian tribes listed on the Native American Heritage Commission's
26 California Tribal Consultation List, and nonprofit organizations.
27 A public agency may use funding authorized by this division to
28 benefit recipients of water from mutual water companies that
29 operate a public water system if the funding provides public
30 benefits. To be eligible for funding under this division, a project
31 proposed by a public utility shall have a clear and definite public
32 purpose, benefit its customers, and comply with Public Utilities
33 Commission rules on government funding for public utilities.

34 79715. The Legislature may enact legislation necessary to
35 implement programs funded by this division.

36 79716. (a) Funding made available by this division shall not
37 be appropriated to a specific project.

38 (b) Projects funded pursuant to this division shall use the
39 services of the California Conservation Corps or certified

1 community conservation corps, as defined in Section 14507.5 of
2 the Public Resources Code, whenever feasible.

3 (c) The Legislature may approve multiyear budget change
4 proposals for appropriation of the funds authorized by this division.

5 79717. The proceeds of bonds issued and sold pursuant to this
6 division shall be deposited into the Clean, Safe, and Reliable
7 Drinking Water Fund of 2014, which is hereby created in the State
8 Treasury.

9 79718. Each state agency that receives an appropriation of
10 funding made available by this division shall be responsible for
11 establishing metrics of success and reporting the status of projects
12 and all uses of the funding on the state's bond accountability
13 Internet Web site, as provided by statute.

14 79719. All references in this division to other provisions of
15 law shall incorporate those provisions as they may be amended.

16
17 CHAPTER 5. CLEAN AND SAFE DRINKING WATER
18

19 79720. The sum of one billion dollars (\$1,000,000,000) shall
20 be available, upon appropriation by the Legislature from the fund,
21 to the state board for expenditures, grants, and loans for projects
22 that improve water quality or help provide clean and safe drinking
23 water to all Californians.

24 79721. The projects eligible for funding pursuant to this chapter
25 shall help improve water quality for a beneficial use. The purposes
26 of this chapter are to:

27 (a) Reduce contaminants in drinking water supplies regardless
28 of the source of the water or the contamination, including the
29 assessment and prioritization of the risk to the safety of drinking
30 water supplies.

31 (b) Address the critical and immediate needs of disadvantaged,
32 rural, or small communities that suffer from contaminated drinking
33 water supplies, including, but not limited to, projects that address
34 a public health emergency.

35 (c) Leverage other private, federal, state, and local drinking
36 water quality and wastewater treatment funds.

37 (d) Reduce contaminants in discharges to, and improve the
38 quality of, surface water streams.

39 (e) Improve water quality of surface water streams, including
40 multibenefit stormwater quality projects.

1 (f) Prevent further contamination of drinking water supplies.

2 (g) Provide disadvantaged communities with public drinking
3 water infrastructure that provides clean and safe drinking water
4 supplies that the community can sustain over the long term.

5 (h) Ensure access to clean, safe, and affordable drinking water
6 for California's communities.

7 79722. (a) A project that receives funding under this chapter
8 shall be selected by a competitive grant or loan process with added
9 consideration for those projects that leverage private, federal, or
10 local funding. This subdivision shall not apply to projects for the
11 purposes of Section 79727 that address a public health priority for
12 which no other source of funding can be identified.

13 (b) The state board shall assess the capacity of a community to
14 pay for the operation and maintenance of the facility to be funded.

15 (c) A project that receives funding authorized by this chapter
16 may be implemented by any public water system or other public
17 water agency.

18 79723. An applicant for a project to clean up a groundwater
19 aquifer shall demonstrate that a public agency has authority to
20 manage the water resources in that aquifer in order to be eligible
21 for funding pursuant to this chapter. This section does not apply
22 to projects that install treatment facilities at the wellhead, customer
23 connection, or the tap.

24 79724. The contaminants that may be addressed with funding
25 pursuant to this chapter may include, but shall not be limited to,
26 nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,
27 selenium, hexavalent chromium, mercury, PCE
28 (perchloroethylene), TCE (trichloroethylene), DCE
29 (dichloroethene), DCA (dichloroethane), 1, 2, 3 TCP
30 (trichloropropane), carbon tetrachloride, 1,4-dioxane,
31 1,4-dioxacyclohexane, nitrosodimethylamine, bromide, iron,
32 manganese, and uranium.

33 79725. Of the funds authorized in Section 79720, not less than
34 four hundred million dollars (\$400,000,000) shall be available for
35 deposit in the State Water Pollution Control Revolving Fund Small
36 Community Grant Fund created pursuant to Section 13477.6 for
37 grants for wastewater treatment projects. Priority shall be given
38 to projects that serve disadvantaged communities and severely
39 disadvantaged communities, and to projects that address public
40 health hazards. Projects may include, but not be limited to, projects

1 that identify, plan, design, and implement regional mechanisms
2 to consolidate wastewater systems or provide affordable treatment
3 technologies.

4 79726. (a) Of the funds authorized in Section 79720, one
5 hundred million dollars (\$100,000,000) shall be available for
6 deposit in the Emergency Clean Water Grant Fund, established
7 pursuant to Section 116475 of the Health and Safety Code, for
8 grants and direct expenditures to finance public health emergencies
9 and urgent actions, as may be determined by the Legislature, to
10 ensure that safe drinking water supplies are available to all
11 Californians. Eligible projects include, but are not limited to, the
12 following:

13 (1) Providing interim water supplies, including, but not limited
14 to, bottled water, where necessary to protect public health.

15 (2) Identifying, planning, designing, and constructing projects
16 that improve or replace existing water systems to provide safe,
17 reliable, accessible, and affordable drinking water, provide other
18 sources of safe drinking water, including, but not limited to,
19 replacement wells, and prevent contamination.

20 (3) Establishing connections to an adjacent water system.

21 (4) The design, purchase, installation, and initial operating costs
22 for interim water treatment equipment and systems.

23 (b) The state board may expend up to ten million dollars
24 (\$10,000,000) for grants and loans to address the water quality
25 needs of private well owners that have no other source of funding
26 and serve members of a disadvantaged community.

27 79727. (a) Of the funds authorized in Section 79720, four
28 hundred million dollars (\$400,000,000) shall be available for grants
29 and loans for public water system infrastructure improvements
30 and related actions to meet safe drinking water standards, ensure
31 affordable drinking water, or both. Priority shall be given to
32 projects that provide treatment for contamination or access to an
33 alternate drinking water source or sources for small community
34 water systems or state small water systems in disadvantaged
35 communities whose drinking water source is impaired by chemical
36 and nitrate contaminants and other health hazards identified by
37 the implementing agency. Eligible recipients serve disadvantaged
38 communities and are public agencies or incorporated mutual water
39 companies. The state board may make grants for the purpose of
40 financing feasibility studies and to meet the eligibility requirements

1 for a construction grant. Eligible expenses may include initial
2 operation and maintenance costs for systems serving disadvantaged
3 communities, for a period not to exceed two years. Special
4 consideration shall be given to projects that provide shared
5 solutions for multiple communities, at least one of which is a
6 disadvantaged community that lacks safe, affordable drinking
7 water and is served by a small community water system, state
8 small water system, or a private well. Construction grants shall be
9 limited to five million dollars (\$5,000,000) per project, except that
10 the implementing agency may set a limit of not more than twenty
11 million dollars (\$20,000,000) for projects that provide regional
12 benefits or are shared among multiple entities, at least one of which
13 shall be a small disadvantaged community. Not more than 25
14 percent of a grant may be awarded in advance of actual
15 expenditures.

16 (b) The state board may expend up to twenty-five million dollars
17 (\$25,000,000) of the funds allocated in subdivision (a) for technical
18 assistance to eligible communities.

19 79728. Of the funds authorized in Section 79720, up to one
20 hundred million dollars (\$100,000,000) shall be available for
21 ~~improving groundwater quality, including, but not limited to, the~~
22 ~~costs of planning, design, and construction of improvements~~
23 ~~necessary to resume delivery of safe grants for treatment and~~
24 ~~remediation activities that prevent or reduce the contamination of~~
25 ~~groundwater that serves as a source of drinking water.~~

26 79729. (a) For the purposes of awarding funding under this
27 chapter, a local cost share of not less than 25 percent of the total
28 costs of the project shall be required. The cost-sharing requirement
29 may be waived or reduced for projects that directly benefit a
30 disadvantaged community or an economically distressed area.

31 (b) At least 10 percent of the funds available pursuant to this
32 chapter shall be allocated for projects serving severely
33 disadvantaged communities.

34 (c) Funding authorized pursuant to this chapter shall include
35 funding for technical assistance to disadvantaged communities.
36 The agency administering this funding shall operate a
37 multidisciplinary technical assistance program for small and
38 disadvantaged communities.

39 (d) Funding for planning activities, including technical
40 assistance, to benefit disadvantaged communities may exceed 10

1 percent of the funds allocated, subject to the determination of the
2 need for additional planning funding by the state agency
3 administering the funding.

4
5 CHAPTER 6. PROTECTING RIVERS, LAKES, STREAMS, COASTAL
6 WATERS, AND WATERSHEDS
7

8 79730. The sum of one billion five hundred million dollars
9 (\$1,500,000,000) shall be available, upon appropriation by the
10 Legislature from the fund, in accordance with this chapter, for
11 expenditures and grants for multibenefit ecosystem and watershed
12 protection and restoration projects that protect and improve
13 California watersheds, wetlands, forests, and flood plains.

14 79731. (a) Of the funds made available by this chapter, seven
15 hundred fifty million dollars (\$750,000,000) shall be available for
16 appropriation as follows:

17 (1) Baldwin Hills Conservancy: eight million six hundred
18 thousand dollars (\$8,600,000).

19 (2) California Tahoe Conservancy: twenty-five million seven
20 hundred thousand dollars (\$25,700,000).

21 (3) Coachella Valley Mountains Conservancy: seventeen million
22 one hundred thousand dollars (\$17,100,000).

23 (4) San Diego River Conservancy: eight million six hundred
24 thousand dollars (\$8,600,000).

25 (5) San Gabriel and Lower Los Angeles Rivers and Mountains
26 Conservancy: thirty-four million three hundred thousand dollars
27 (\$34,300,000).

28 (6) San Joaquin River Conservancy: seventeen million one
29 hundred thousand dollars (\$17,100,000).

30 (7) Santa Monica Mountains Conservancy: fifty-five million
31 seven hundred thousand dollars (\$55,700,000).

32 (8) Sierra Nevada Conservancy: fifty-five million seven hundred
33 thousand dollars (\$55,700,000).

34 (9) State Coastal Conservancy: three hundred million dollars
35 (\$300,000,000).

36 (10) Wildlife Conservation Board: one hundred eighty-four
37 million three hundred thousand dollars (\$184,300,000).

38 (11) California Ocean Protection Council: forty-two million
39 nine hundred thousand dollars (\$42,900,000).

(b) Of the funds allocated to the State Coastal Conservancy pursuant to paragraph (9) of subdivision (a), one hundred seven million dollars one hundred thousand dollars (\$107,100,000) are available as follows:

(1) Forty-two million eight hundred thousand dollars (\$42,800,000) shall be available for projects that help restore coastal salmonid populations.

(2) Sixty-four million three hundred thousand dollars (\$64,300,000) shall be available for flood control projects on public lands that provide critical flood, water quality, and wetland ecosystem benefits to the San Francisco Bay region.

79732. In protecting and restoring California rivers, lakes, streams, and watersheds, the purposes of this chapter are to:

(a) Protect and increase the economic benefits arising from healthy watersheds, fishery resources, and instream flow.

(b) Implement watershed adaptation projects in order to reduce the impacts of climate change on California's communities and ecosystems.

(c) Restore river parkways throughout the state, including, but not limited to, projects pursuant to the California River Parkways Act of 2004 (Chapter 3.8 (commencing with Section 5750) of Division 5 of the Public Resources Code), in the Urban Streams Restoration Program established pursuant to Section 7048, and urban river greenways.

(d) Protect and restore aquatic, wetland, and migratory bird ecosystems, including fish and wildlife corridors and the acquisition of water rights for instream flow pursuant to Section 1707.

(e) Fulfill the obligations of the State of California in complying with the terms of multiparty settlement agreements related to water resources.

(f) Remove barriers to fish passage.

(g) Collaborate with federal agencies in the protection of fish native to California and wetlands in the central valley of California.

(h) Implement fuel treatment projects to reduce wildfire risks, protect watersheds tributary to water storage facilities, and promote watershed health.

(i) Protect and restore rural and urban watershed health to improve watershed storage capacity, forest health, protection of

1 life and property, stormwater resource management, and
2 greenhouse gas reduction.

3 (j) Promote access and recreational opportunities to watersheds
4 and waterways that are compatible with habitat values and water
5 quality objectives.

6 (k) Promote educational opportunities to instruct and inform
7 Californians, including young people, about the value of
8 watersheds.

9 (l) Protect and restore coastal watersheds, including, but not
10 limited to, bays, marine estuaries, and nearshore ecosystems.

11 (m) Reduce pollution or contamination of rivers, lakes, streams,
12 or coastal waters, prevent and remediate mercury contamination
13 from legacy mines, and protect or restore natural system functions
14 that contribute to water supply, water quality, or flood management.

15 (n) Assist in the recovery of endangered, threatened, or
16 migratory species by improving watershed health, instream flows
17 pursuant to Section 1707, fish passage, coastal or inland wetland
18 restoration, or other means, such as natural community
19 conservation plan and habitat conservation plan implementation.

20 (o) Promote urban forestry pursuant to the Urban Forest Act of
21 1978 (Chapter 2 (commencing with Section 4799.06) of Part 2.5
22 of Division 4 of the Public Resources Code).

23 79733. For restoration and ecosystem protection projects under
24 this chapter, the services of the California Conservation Corps or
25 a local conservation corps certified by the California Conservation
26 Corps shall be used whenever feasible.

27 79734. (a) (1) Notwithstanding Section 79711, of the funds
28 authorized in Section 79730, five hundred million dollars
29 (\$500,000,000) shall be available for appropriation to the secretary
30 to fulfill the obligations of the State of California in complying
31 with the terms of any of the following:

32 (A) The February 18, 2010, Klamath Basin Restoration
33 Agreement or Klamath Hydroelectric Settlement Agreement.

34 (B) Chapters 611, 612, and 613 of the Statutes of 2003, which
35 were enacted to facilitate the execution and implementation of the
36 Quantification Settlement Agreement, including restoration of the
37 Salton Sea.

38 (C) The San Joaquin River Restoration Settlement, as described
39 in Part I of Subtitle A of Title X of Public Law 111-11.

40 (D) Section 3406(d) of Title 34 of Public Law 102-575.

(E) The Tahoe Regional Planning Compact set forth in Section 66801 of the Government Code pursuant to Title 7.42 (commencing with Section 66905) of the Government Code.

(2) Expenditures funded by this subdivision shall comply with Section 16727 of the Government Code.

(b) Of the funds authorized in Section 79730, two hundred fifty million dollars (\$250,000,000) shall be available for appropriation to the secretary for a competitive program to fund multibenefit watershed and urban rivers enhancement projects in urban watersheds, including watersheds that drain into the San Francisco Bay, that increase regional and local water self-sufficiency, and that meet at least two or more of the following objectives:

(1) Promote groundwater recharge and water reuse.

(2) Reduce energy consumption.

(3) Use soils, plants, and natural processes to treat runoff.

(4) Create or restore native habitat.

(5) Increase regional and local resiliency and adaptability to climate change.

(c) The program described in subdivision (b) shall be implemented by state conservancies, the Wildlife Conservation Board, or other entities designated by the secretary whose jurisdiction includes urban watersheds. The projects are subject to a plan developed jointly by the conservancies, the Wildlife Conservation Board, or other designated entities in consultation with the secretary.

(d) At least 25 percent of the funds available pursuant to this section shall be allocated for projects that benefit disadvantaged communities.

(e) Up to 10 percent of the funds available pursuant to this section may be allocated for project planning.

79735. For the purposes of this chapter, the terms “protection” and “restoration” have the meanings set forth in Section 75005 of the Public Resources Code.

CHAPTER 7. CLIMATE CHANGE AND DROUGHT PREPAREDNESS FOR REGIONAL WATER SECURITY

79740. The sum of two billion dollars (\$2,000,000,000) shall be available, upon appropriation by the Legislature from the fund, for expenditures and competitive grants and loans to projects that

1 respond to climate change and contribute to regional water security
2 as provided in this chapter.

3 79741. In order to improve regional water self-reliance and
4 adapt to the effects on water supply arising out of climate change,
5 the purposes of this chapter are to:

6 (a) Help water infrastructure systems adapt to climate change,
7 including, but not limited to, sea level rise.

8 (b) Provide incentives for water agencies throughout each
9 watershed to collaborate in managing the region's water resources
10 and setting regional priorities for water infrastructure.

11 (c) Improve regional water self-reliance, including projects
12 consistent with Section 85021.

13 79742. (a) In selecting among proposed projects in a
14 watershed, the scope of the adopted integrated regional water
15 management plan may be considered by the administering state
16 agency, with priority going to projects in plans that cover a greater
17 portion of the watershed. If a plan covers substantially all of the
18 watershed, then the plan's project priorities shall be given deference
19 if the project and plan otherwise meet the requirements of this
20 division and the Integrated Regional Water Management Planning
21 Act of 2002 (Part 2.2 (commencing with Section 10530) of
22 Division 6).

23 (b) An urban water supplier that does not prepare, adopt, and
24 submit its urban water management plan in accordance with the
25 Urban Water Management Planning Act (Part 2.6 (commencing
26 with Section 10610) of Division 6) is ineligible to apply for funds
27 made available pursuant to this chapter until the urban water
28 management plan is prepared and submitted in accordance with
29 the requirements of that act. The department shall certify that an
30 urban water management plan meets the requirements of the Urban
31 Water Management Planning Act and Sections 10608.56 and
32 10631.5 before awarding any grants or loans pursuant to this
33 chapter.

34 (c) An agricultural water supplier that does not prepare, adopt,
35 and submit its agricultural water management plan in accordance
36 with the Agricultural Water Management Planning Act (Part 2.8
37 (commencing with Section 10800) of Division 6) is ineligible to
38 apply for funds made available pursuant to this chapter until the
39 agricultural water management plan is prepared and submitted in
40 accordance with the requirements of that act. The department shall

1 certify that an agricultural water management plan meets the
2 requirements of the Agricultural Water Management Planning Act
3 and Section 10608.56 before awarding any grants or loans pursuant
4 to this chapter.

5 (d) A local agency that does not prepare, adopt, and submit its
6 groundwater management plan in accordance with Part 2.75
7 (commencing with Section 10750) of Division 6 is ineligible to
8 apply for funds made available pursuant to this chapter until the
9 plan is prepared and submitted in accordance with the requirements
10 of that part. The department shall certify that a groundwater
11 management plan meets the requirements of that part and Section
12 10753.7 before awarding any grants or loans pursuant to this
13 chapter.

14 (e) For the purposes of awarding funding under this chapter, a
15 cost share from nonstate sources of not less than 25 percent of the
16 total costs of the project shall be required. The cost sharing
17 requirement may be waived or reduced for projects that directly
18 benefit a disadvantaged community or an economically distressed
19 area.

20 (f) Not less than 10 percent of the funds authorized by this
21 chapter shall be allocated to projects that directly benefit
22 disadvantaged communities.

23 (g) For the purposes of awarding funding under Section 79744,
24 the applicant shall demonstrate that the integrated regional water
25 management plan the applicant's project implements contributes
26 to addressing the risks in the region to water supply and water
27 infrastructure arising from climate change.

28 (h) Projects that achieve multiple benefits shall receive special
29 consideration.

30 79743. Subject to the determination of regional priorities by
31 the regional water management group and the purposes described
32 in Section 79741, projects eligible for funding allocated regionally
33 by Section 79744 shall be regional projects or programs, as defined
34 in Section 10537, and may include, but are not limited to, projects
35 that promote any of the following:

36 (a) Water reuse and recycling for nonpotable reuse and direct
37 and indirect potable reuse.

38 (b) Water-use efficiency and water conservation.

39 (c) Local and regional surface and underground water storage,
40 including groundwater aquifer cleanup or recharge projects.

1 (d) Regional water conveyance facilities that improve integration
2 of separate water systems.

3 (e) Watershed protection, restoration, and management projects,
4 including projects that reduce the risk of wildfire or improve water
5 supply reliability or water quality.

6 (f) Stormwater resource management plans and projects pursuant
7 to the Stormwater Resource Planning Act (Part 2.3 (commencing
8 with Section 10560) of Division 6).

9 (g) Conjunctive use of surface and groundwater storage
10 facilities.

11 (h) Water desalination projects.

12 (i) Improvement of water quality, including drinking water
13 treatment and distribution, groundwater and aquifer remediation,
14 matching water quality to water use, wastewater treatment, water
15 pollution prevention, and management of urban and agricultural
16 runoff.

17 79744. (a) Of the funds authorized in Section 79740, the sum
18 of one billion dollars (\$1,000,000,000) shall be administered
19 according to this section.

20 (b) Funds made available pursuant to this section shall be
21 available for appropriation to, and shall be administered by, the
22 department in close collaboration with the state board. Specific
23 project and planning grant awards shall be selected jointly by the
24 director and chair of the state board.

25 (c) Funds shall be allocated to the hydrologic regions as
26 identified in the California Water Plan in accordance with this
27 section. For the South Coast hydrologic region, the department
28 shall establish three funding areas that reflect the watersheds of
29 San Diego County and southern Orange County (designated as the
30 San Diego subregion), the Santa Ana River watershed (designated
31 as the Santa Ana subregion), and the Los Angeles and Ventura
32 County watersheds (designated as the Los Angeles subregion),
33 and shall allocate funds to those areas in accordance with this
34 subdivision. The North and South Lahontan hydrologic regions
35 shall be treated as one area for the purpose of allocating funds. For
36 purposes of this subdivision, the Sacramento River hydrologic
37 region does not include the Delta. For purposes of this subdivision,
38 the Mountain Counties Overlay is not eligible for funds from the
39 Sacramento River hydrologic region or the San Joaquin River

1 hydrologic region. Multiple integrated regional water management
2 plans may be recognized in each of the areas allocated funding.

3 (d) Funds described in this section shall be allocated as follows:

4 (1) Forty-five million dollars (\$45,000,000) for the North Coast
5 hydrologic region.

6 (2) One hundred thirty-two million dollars (\$132,000,000) for
7 the San Francisco Bay hydrologic region.

8 (3) Fifty-eight million dollars (\$58,000,000) for the Central
9 Coast hydrologic region.

10 (4) One hundred ninety-eight million dollars (\$198,000,000)
11 for the Los Angeles subregion.

12 (5) One hundred nineteen million dollars (\$119,000,000) for
13 the Santa Ana subregion.

14 (6) Ninety-six million dollars (\$96,000,000) for the San Diego
15 subregion.

16 (7) Seventy-six million dollars (\$76,000,000) for the Sacramento
17 River hydrologic region.

18 (8) Sixty-four million dollars (\$64,000,000) for the San Joaquin
19 River hydrologic region.

20 (9) Seventy million dollars (\$70,000,000) for the Tulare/Kern
21 hydrologic region.

22 (10) Fifty-one million dollars (\$51,000,000) for the North/South
23 Lahontan hydrologic region.

24 (11) Forty-seven million dollars (\$47,000,000) for the Colorado
25 River Basin hydrologic region.

26 (12) Forty-four million dollars (\$44,000,000) for the Mountain
27 Counties Overlay.

28 (e) Funds allocated pursuant to this section may be used for the
29 purposes described in Sections 79745 and 79747.

30 79745. (a) Of the funds authorized by Section 79740, two
31 hundred fifty million dollars (\$250,000,000) shall be available for
32 appropriation to the department for direct expenditures, grants,
33 and loans for water conservation and water use efficiency plans,
34 projects, and programs, including either of the following:

35 (1) Urban water conservation plans, projects, and programs,
36 including regional projects and programs, implemented to achieve
37 urban water use targets developed pursuant to Section 10608.20.
38 Priority for funding shall be given to programs that do any of the
39 following:

1 (A) Assist water suppliers and regions to implement
2 conservation programs and measures that are not locally cost
3 effective.

4 (B) Support water supplier and regional efforts to implement
5 programs targeted to enhance water use efficiency for commercial,
6 industrial, and institutional water users.

7 (C) Assist water suppliers and regions with programs and
8 measures targeted toward realizing the conservation benefits of
9 implementation of the provisions of the state landscape model
10 ordinance.

11 (2) Agricultural water management plans or agricultural water
12 use efficiency projects and programs developed pursuant to Part
13 2.8 (commencing with Section 10800) of Division 6. Of the funds
14 provided by this section, one hundred million dollars
15 (\$100,000,000) shall be available for improving on-farm water
16 use efficiency, including, but not limited to, drip irrigation.

17 (b) Section 1011 applies to all conservation measures that an
18 agricultural water supplier or an urban water supplier implements
19 with funding under this chapter. This subdivision does not limit
20 the application of Section 1011 to any other measures or projects
21 implemented by a water supplier.

22 (c) For purposes of this section, funded projects shall not be
23 required to comply with the requirements of the Integrated
24 Regional Water Management Planning Act of 2002 (Part 2.2
25 (commencing with Section 10530) of Division 6). The funding
26 available pursuant to this section may be appropriated to an
27 integrated regional water management program or plan.

28 79746. Of the funds authorized by Section 79740, five hundred
29 million dollars (\$500,000,000) shall be available to the state board,
30 upon appropriation by the Legislature from the fund, for grants
31 and low-interest loans for water recycling and advanced treatment
32 technology projects, including all of the following:

33 (a) Water recycling projects, including, but not limited to,
34 treatment, storage, conveyance, and distribution facilities for
35 potable and nonpotable recycling projects.

36 (b) Contaminant and salt removal projects, including, but not
37 limited to, groundwater and seawater desalination and associated
38 treatment, storage, conveyance, and distribution facilities.

1 (c) Dedicated distribution infrastructure to serve residential,
2 agricultural, commercial, and industrial end-users to allow the use
3 of recycled water.

4 (d) Pilot projects for new salt and contaminant removal
5 technology.

6 (e) Groundwater recharge infrastructure related to recycled
7 water.

8 (f) Technical assistance and grant writing assistance for
9 disadvantaged communities.

10 (g) For projects funded pursuant to this section, at least a 25
11 percent local cost share shall be required. That cost share may be
12 suspended or reduced for disadvantaged communities and
13 economically distressed areas.

14 (h) Water supply reliability improvement for critical urban water
15 supplies in designated superfund areas with groundwater
16 contamination listed on the National Priorities List established
17 pursuant to Section 105 of the Comprehensive Environmental
18 Response, Compensation, and Liability Act of 1980 (42 U.S.C.
19 Sec. 9605(a)(8)(B)).

20 (i) Projects funded pursuant to this section shall be selected on
21 a competitive basis, considering all of the following criteria:

22 (1) Regional water supply reliability improvement.

23 (2) Water quality and ecosystem benefits related to decreased
24 reliance on diversions from the Delta or instream flows.

25 (3) Public health benefits from improved drinking water quality.

26 (4) Cost effectiveness.

27 (5) Energy efficiency and greenhouse gas emission impacts.

28 (6) Reasonable geographic allocation to eligible projects
29 throughout the ~~state~~ *state*, including both northern and southern
30 California and coastal and inland regions.

31 (j) For the purposes of this section, eligible projects shall
32 implement a plan or strategy by one or more regional water
33 agencies or integrated regional water management groups to
34 incorporate water recycling or advanced treatment technology into
35 the region's water supplies.

36 (k) For purposes of this section, competitive programs shall be
37 implemented consistent with water recycling programs
38 administered pursuant to Sections 79140 and 79141 or consistent
39 with desalination programs administered pursuant to Sections
40 79545 and 79547.2.

1 (l) For purposes of this section, funded projects shall not be
2 required to comply with the requirements of the Integrated
3 Regional Water Management Planning Act of 2002 (Part 2.2
4 (commencing with Section 10530) of Division 6).

5 79747. (a) Of the funds authorized by Section 79740, two
6 hundred fifty million dollars (\$250,000,000) shall be available for
7 appropriation to the state board for grants and loans for projects
8 that develop, implement, or improve a stormwater capture and
9 reuse plan consistent with Part 2.3 (commencing with Section
10 10560) of Division 6 and that capture and put to beneficial use
11 stormwater or dry weather runoff.

12 (b) Stormwater capture and reuse projects developed pursuant
13 to an adopted integrated regional water management plan in
14 compliance with Part 2.2 (commencing with Section 10530) of
15 Division 6 are also eligible for funding under this section if those
16 projects were identified and developed in substantive compliance
17 with Part 2.3 (commencing with Section 10560) of Division 6.

18 (c) Projects eligible for funding under this section shall assist
19 in the capture and reuse of stormwater or dry weather runoff.
20 Eligible projects include any of the following:

21 (1) Projects that capture, convey, treat, or put to beneficial use
22 stormwater or dry weather runoff.

23 (2) The development of stormwater capture and reuse plans
24 pursuant to Part 2.3 (commencing with Section 10560) of Division
25 6.

26 (3) Decision support tools, data acquisition, and data analysis
27 to identify and evaluate the benefits and costs of potential
28 stormwater capture and reuse projects.

29 (4) Projects that, in addition to capturing and reusing stormwater
30 or dry weather runoff, improve water quality, provide public
31 benefits, such as augmentation of water supply, flood control, open
32 ~~space~~ *space*, and recreation, and projects designed to mimic or
33 restore natural watershed functions.

34 (d) The state board shall grant special consideration to plans or
35 projects that provide multiple benefits such as water quality, water
36 supply, flood control, natural lands, or recreation.

37 (e) The state board shall require a 25 percent local cost share
38 for grant funds, but may suspend or reduce the matching
39 requirements for projects that capture or reuse stormwater or dry
40 weather runoff in disadvantaged communities.

(f) The state board shall adopt a policy establishing criteria for projects funded by this section to ensure that a project funded pursuant to this section complies with water quality laws and does not put at risk any groundwater or surface water supplies.

79748. In order to receive funding authorized by this chapter to address groundwater quality or supply in an aquifer, the applicant shall demonstrate that a public agency has authority to manage the water resources in that aquifer. A groundwater management plan adopted and approved pursuant to Part 2.75 (commencing with Section 10750) of Division 6 shall be deemed sufficient to satisfy the requirements of this section.

CHAPTER 8. SACRAMENTO-SAN JOAQUIN DELTA SUSTAINABILITY

79750. (a) The sum of one billion dollars (\$1,000,000,000) shall be available, upon appropriation by the Legislature from the fund, for grants and direct expenditures to improve the sustainability of the Delta as follows:

(1) Four hundred million dollars (\$400,000,000) of the funding available pursuant to this chapter shall be available for appropriation to the department for the purpose identified in subdivision (b) of Section 79751.

(2) Six hundred million dollars (\$600,000,000) of the funding available pursuant to this chapter shall be available for appropriation to the Sacramento-San Joaquin Delta Conservancy for the purposes identified in subdivisions (a) and (c) of Section 79751.

(3) Funding available pursuant to paragraphs (1) and (2) may be combined to provide funding to projects that accomplish more than one of the purposes identified in Section 79751.

(b) This chapter provides state funding for public benefits associated with projects needed to assist in the Delta's sustainability as a vital resource for fish, wildlife, water quality, water supply, agriculture, and recreation.

79751. In order to promote the sustainability and resiliency of the Delta, the purposes of this chapter are to:

(a) Protect, restore, and enhance the Delta ecosystem.

(b) Maintain and improve existing Delta levees.

(c) Promote the sustainability of the Delta.

1 79752. The funds authorized in Section 79750 shall not be
2 used to pay the costs of a public agency exercising eminent domain
3 to acquire or use property. All property acquired with moneys
4 available pursuant to this chapter shall be acquired from willing
5 sellers.

6 79754. Funding authorized by this chapter for the purpose of
7 subdivision (a) of Section 79751 may include, but is not limited
8 to, the following:

9 (a) Projects to protect and restore native fish and wildlife
10 dependent on the Delta ecosystem, including improvement of
11 aquatic or terrestrial habitat or the removal or reduction of
12 undesirable invasive species.

13 (b) Projects to reduce greenhouse gas emissions from exposed
14 Delta soils.

15 (c) Scientific studies and assessments that support the projects
16 authorized under this section.

17 79755. (a) Funding authorized by this chapter for the purpose
18 of subdivision (b) of Section 79751 shall reduce the risk of levee
19 failure and flood in the Delta and may be expended, consistent
20 with the Delta levee investment priorities recommended pursuant
21 to Section 85306, for any of the following:

22 (1) Local assistance under the Delta levee maintenance
23 subventions program under Part 9 (commencing with Section
24 12980) of Division 6.

25 (2) Special flood protection projects under Chapter 2
26 (commencing with Section 12310) of Part 4.8 of Division 6.

27 (3) Levee improvement projects that increase the resiliency of
28 levees within the Delta to withstand earthquake, flooding, or sea
29 level rise.

30 (4) Emergency response and repair projects.

31 (b) All projects funded pursuant to this section shall be subject
32 to Section 79050.

33 (c) The department shall, as a part of the 2015–16 fiscal year
34 May budget revision, provide the Senate and Assembly Budget
35 Committees a proposal for implementing paragraphs (3) and (4)
36 of subdivision (a) including any changes to statutes necessary to
37 implement that proposal.

CHAPTER 9. WATER STORAGE FOR CLIMATE CHANGE

79760. (a) Notwithstanding Section 162, the commission may make the determinations, findings, and recommendations required of it by this chapter independent of the views of the director. All final actions by the commission in implementing this chapter shall be taken by a majority of the members of the commission at a public meeting noticed and held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code).

(b) The commission shall submit project status reports as requested to the Department of Finance.

(c) Projects shall be selected by the commission through a competitive public process that ranks potential projects based on the expected return for public investment as measured by the magnitude of the public benefits provided, pursuant to criteria established under this chapter.

(d) Only projects selected by the commission shall be eligible for funding authorized by this chapter. Funding authorized by this chapter shall be appropriated to the commission.

(e) The commission shall, to the extent feasible, maximize the following:

(1) Leveraging of the funding made available in this chapter with funds from federal, local, and private sources.

(2) Statewide storage benefits or regional storage benefits that promote regional self-reliance.

79761. The sum of two billion five hundred million dollars (\$2,500,000,000) shall be available, upon appropriation by the Legislature, from the fund to the commission, for expenditures, competitive grants, and loans for public benefits associated with projects that expand the state's water storage capacity.

79762. In order to expand the state's water storage capacity to address the impacts of climate change on the snow pack in the Sierra Nevada Mountains and water storage resources, the purposes of this chapter are to:

(a) Construct new surface water storage projects.

(b) Restore and expand groundwater aquifer storage capacity.

(c) Restore water storage capacity of existing surface water storage reservoirs.

1 (d) Remediate or prevent contamination of groundwater aquifers.

2 (e) Construct and expand stormwater retention facilities.

3 79763. Projects for which the public benefits are eligible for
4 funding under this chapter consist of only the following:

5 (a) Surface storage projects identified in the CALFED Bay-Delta
6 Program Record of Decision, dated August 28, 2000, except for
7 projects prohibited by Chapter 1.4 (commencing with Section
8 5093.50) of Division 5 of the Public Resources Code.

9 (b) Groundwater storage projects and groundwater
10 contamination prevention or remediation projects that provide
11 water storage benefits.

12 (c) Conjunctive use and reservoir reoperation projects.

13 (d) Local and regional surface storage projects that improve the
14 operation of water systems in the state, including, but not limited
15 to, reservoirs for storing recycled water.

16 (e) Projects that remove sediment, improve dam stability in
17 seismic events, or otherwise restore water storage capacity in
18 existing water storage reservoirs.

19 79764. A project in the Delta watershed shall not be funded
20 pursuant to this chapter unless it provides measurable
21 improvements to the Delta ecosystem.

22 79765. (a) Funds allocated pursuant to this chapter may be
23 expended solely for the following public benefits associated with
24 water storage projects:

25 (1) Ecosystem improvements, including changing the timing of
26 water diversions, improvement in flow conditions, temperature,
27 or other benefits that contribute to restoration of aquatic ecosystems
28 and native fish and wildlife, including those ecosystems and fish
29 and wildlife in the Delta or the Delta tributaries.

30 (2) Water quality improvements in the Delta, or in other river
31 systems, that provide significant public trust fish and wildlife
32 resources, or that clean up and restore groundwater resources.

33 (3) Flood control benefits, including, but not limited to, increases
34 in flood reservation space in existing reservoirs by exchange for
35 existing or increased water storage capacity in response to the
36 effects of changing hydrology and decreasing snow pack on
37 California's water and flood management system.

38 (b) Notwithstanding subdivision (a), in response to an
39 emergency declared by the Governor, funds provided by this
40 chapter may be used to acquire or to reimburse the costs of

1 acquiring emergency water supplies and flows for dilution and
2 salinity repulsion following a natural disaster or act of terrorism.

3 79766. In consultation with the Department of Fish and
4 Wildlife, the state board, and the department, the commission shall
5 develop and adopt, by regulation, methods for quantification and
6 management of public benefits described in Section 79765 by
7 December 15, 2015. The regulations shall include the priorities
8 and relative environmental value of ecosystem benefits as provided
9 by the Department of Fish and Wildlife and the priorities and
10 relative environmental value of water quality benefits as provided
11 by the state board.

12 79767. (a) Except as provided in subdivision (c), funds
13 allocated pursuant to this chapter shall not be allocated for a project
14 until the commission approves the project based on the
15 commission's determination that all of the following have occurred:

16 (1) The commission has adopted the regulations specified in
17 Section 79766 and specifically quantified and made public the cost
18 of the public benefits associated with the project.

19 (2) For projects to be constructed and operated by the
20 department, the department has entered into a contract with each
21 party that will derive benefits, other than public benefits, as defined
22 in Section 79765, from the project that ensures the party will pay
23 its share of the total costs of the project. The benefits available to
24 a party shall be consistent with that party's share of total project
25 costs.

26 (3) The department has entered into a contract with each public
27 agency identified in Section 79766 that administers the public
28 benefits, after that agency makes a finding that the public benefits
29 of the project for which that agency is responsible meet all the
30 requirements of this chapter, to ensure that the public contribution
31 of funds pursuant to this chapter achieves the public benefits
32 identified for the project.

33 (4) The commission has held a public hearing for the purposes
34 of providing an opportunity for the public to review and comment
35 on the information required to be prepared pursuant to this
36 subdivision.

37 (5) All of the following additional conditions are met:

38 (A) Feasibility studies have been completed.

39 (B) The commission has found and determined that the project
40 is feasible, is consistent with all applicable laws and regulations,

1 and, if the project is in the Delta watershed, will advance one or
2 more of the policy objectives specified in Section 85020.

3 (C) All environmental documentation associated with the project
4 has been completed, and all other federal, state, and local approvals,
5 certifications, and agreements required to be completed have been
6 obtained.

7 (b) The commission shall submit to the Legislature its findings
8 for each of the criteria identified in subdivision (a) for a project
9 funded pursuant to this chapter.

10 (c) Notwithstanding subdivision (a), funds may be made
11 available under this chapter for the completion of environmental
12 documentation and permitting of a project.

13 79768. (a) The public benefit cost share of a project funded
14 pursuant to this chapter shall not exceed 50 percent of the total
15 costs of any project funded under this chapter.

16 (b) In order to receive funding authorized by this chapter to
17 improve groundwater storage in an aquifer, the applicant shall
18 demonstrate that a public agency has authority to manage the water
19 resources in that aquifer.

20 79769. (a) A project is not eligible for funding under this
21 chapter unless, by January 1, 2018, all of the following conditions
22 are met:

23 (1) All feasibility studies are complete and draft environmental
24 documentation is available for public review.

25 (2) The commission makes a finding that the project is feasible,
26 and will advance the long-term objectives of restoring ecological
27 health and improving water management for beneficial uses.

28 (3) For projects to be constructed and operated by the
29 department, the director receives commitments for not less than
30 75 percent of the nonpublic benefit cost share of the project.

31 (b) If compliance with subdivision (a) is delayed by litigation
32 or failure to promulgate regulations, the date in subdivision (a)
33 shall be extended by the commission for a time period that is equal
34 to the time period of the delay, and funding under this chapter that
35 has been dedicated to the project shall be encumbered until the
36 time at which the litigation is completed or the regulations have
37 been promulgated.

38 79770. (a) Funding authorized by this chapter shall not be
39 used to pay any share of the costs of remediation ~~attributed to~~
40 *recovered from* parties responsible for the contamination of a

1 groundwater storage aquifer, but may be used to pay costs that
2 cannot be recovered from responsible parties. Parties that receive
3 funding for remediating groundwater storage aquifers shall exercise
4 ~~their best~~ *reasonable* efforts to recover the costs of groundwater
5 cleanup from the parties responsible for the contamination.

6 (b) Projects *and activities* that leverage funding from local
7 agencies and responsible parties to the maximum extent possible
8 shall receive priority consideration ~~in groundwater storage project~~
9 ~~selection~~.

10 79771. From the funds described in Section 79761, upon
11 appropriation by the Legislature, the commission shall make
12 twenty-five million dollars (\$25,000,000) available to the
13 department for studying the feasibility of additional surface storage
14 projects. Funds provided by this section are not available to study
15 the feasibility of any storage project identified in the CALFED
16 Bay-Delta Program Record of Decision, dated August 28, 2000.

17
18 CHAPTER 10. FISCAL PROVISIONS
19

20 79800. (a) Bonds in the total amount of eight billion dollars
21 (\$8,000,000,000), or so much thereof as is necessary, not including
22 the amount of any refunding bonds issued in accordance with
23 Section 79812 may be issued and sold to provide a fund to be used
24 for carrying out the purposes expressed in this division and to
25 reimburse the General Obligation Bond Expense Revolving Fund
26 pursuant to Section 16724.5 of the Government Code. The bonds,
27 when sold, shall be and constitute a valid and binding obligation
28 of the State of California, and the full faith and credit of the State
29 of California is hereby pledged for the punctual payment of both
30 principal of, and interest on, the bonds as the principal and interest
31 become due and payable.

32 (b) The Treasurer shall sell the bonds authorized by the
33 committee pursuant to this section. The bonds shall be sold upon
34 the terms and conditions specified in a resolution to be adopted
35 by the committee pursuant to Section 16731 of the Government
36 Code.

37 79801. The bonds authorized by this division shall be prepared,
38 executed, issued, sold, paid, and redeemed as provided in the State
39 General Obligation Bond Law (Chapter 4 (commencing with
40 Section 16720) of Part 3 of Division 4 of Title 2 of the Government

1 Code), and all of the provisions of that law apply to the bonds and
2 to this division and are hereby incorporated in this division as
3 though set forth in full in this division, except subdivisions (a) and
4 (b) of Section 16727 of the Government Code.

5 79802. (a) Solely for the purpose of authorizing the issuance
6 and sale pursuant to the State General Obligation Bond Law
7 (Chapter 4 (commencing with Section 16720) of Part 3 of Division
8 4 of Title 2 of the Government Code) of the bonds authorized by
9 this division, the Clean, Safe, and Reliable Drinking Water Finance
10 Committee is hereby created. For purposes of this division, the
11 Clean, Safe, and Reliable Drinking Water Finance Committee is
12 the “committee” as that term is used in the State General Obligation
13 Bond Law.

14 (b) The committee consists of the Director of Finance, the
15 Treasurer, the Controller, the Director of Water Resources, and
16 the Secretary of the Natural Resources Agency. Notwithstanding
17 any other provision of law, any member may designate a
18 representative to act as that member in his or her place for all
19 purposes, as though the member were personally present.

20 (c) The Treasurer shall serve as chairperson of the committee.

21 (d) A majority of the committee may act for the committee.

22 79803. The committee shall determine whether or not it is
23 necessary or desirable to issue bonds authorized pursuant to this
24 division in order to carry out the actions specified in this division
25 and, if so, the amount of bonds to be issued and sold. Successive
26 issues of bonds may be authorized and sold to carry out those
27 actions progressively, and it is not necessary that all of the bonds
28 authorized to be issued be sold at any one time.

29 79804. For purposes of the State General Obligation Bond
30 Law, “board,” as defined in Section 16722 of the Government
31 Code, means the Department of Water Resources.

32 79805. There shall be collected each year and in the same
33 manner and at the same time as other state revenue is collected,
34 in addition to the ordinary revenues of the state, a sum in an amount
35 required to pay the principal of, and interest on, the bonds each
36 year. It is the duty of all officers charged by law with any duty in
37 regard to the collection of the revenue to do and perform each and
38 every act that is necessary to collect that additional sum.

39 79806. Notwithstanding Section 13340 of the Government
40 Code, there is hereby appropriated from the General Fund in the

1 State Treasury, for the purposes of this division, an amount that
2 will equal the total of the following:

3 (a) The sum annually necessary to pay the principal of, and
4 interest on, bonds issued and sold pursuant to this division, as the
5 principal and interest become due and payable.

6 (b) The sum that is necessary to carry out the provisions of
7 Section 79809, appropriated without regard to fiscal years.

8 79807. The board may request the Pooled Money Investment
9 Board to make a loan from the Pooled Money Investment Account
10 in accordance with Section 16312 of the Government Code for the
11 purpose of carrying out this division less any amount withdrawn
12 pursuant to Section 79809. The amount of the request shall not
13 exceed the amount of the unsold bonds that the committee has, by
14 resolution, authorized to be sold for the purpose of carrying out
15 this division. The board shall execute those documents required
16 by the Pooled Money Investment Board to obtain and repay the
17 loan. Any amounts loaned shall be deposited in the fund to be
18 allocated in accordance with this division.

19 79808. Notwithstanding any other provision of this division,
20 or of the State General Obligation Bond Law, if the Treasurer sells
21 bonds that include a bond counsel opinion to the effect that the
22 interest on the bonds is excluded from gross income for federal
23 tax purposes under designated conditions or is otherwise entitled
24 to any federal tax advantage, the Treasurer may maintain separate
25 accounts for the bond proceeds invested and for the investment
26 earnings on those proceeds, and may use or direct the use of those
27 proceeds or earnings to pay any rebate, penalty, or other payment
28 required under federal law or take any other action with respect
29 to the investment and use of those bond proceeds, as may be
30 required or desirable under federal law in order to maintain the
31 tax-exempt status of those bonds and to obtain any other advantage
32 under federal law on behalf of the funds of this state.

33 79809. For the purposes of carrying out this division, the
34 Director of Finance may authorize the withdrawal from the General
35 Fund of an amount or amounts not to exceed the amount of the
36 unsold bonds that have been authorized by the committee to be
37 sold for the purpose of carrying out this division less any amount
38 borrowed pursuant to Section 79807. Any amounts withdrawn
39 shall be deposited in the fund. Any moneys made available under
40 this section shall be returned to the General Fund, with interest at

1 the rate earned by the moneys in the Pooled Money Investment
2 Account, from proceeds received from the sale of bonds for the
3 purpose of carrying out this division.

4 79810. All moneys deposited in the fund that are derived from
5 premium and accrued interest on bonds sold pursuant to this
6 division shall be reserved in the fund and shall be available for
7 transfer to the General Fund as a credit to expenditures for bond
8 interest, except that amounts derived from premium may be
9 reserved and used to pay the cost of bond issuance prior to any
10 transfer to the General Fund.

11 79811. Pursuant to Chapter 4 (commencing with Section
12 16720) of Part 3 of Division 4 of Title 2 of the Government Code,
13 the cost of bond issuance shall be paid out of the bond proceeds,
14 including premium, if any. To the extent the cost of bond issuance
15 is not paid from premiums received from the sale of bonds, these
16 costs shall be shared proportionately by each program funded
17 through this division by the applicable bond sale.

18 79812. The bonds issued and sold pursuant to this division
19 may be refunded in accordance with Article 6 (commencing with
20 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of
21 the Government Code, which is a part of the State General
22 Obligation Bond Law. Approval by the voters of the state for the
23 issuance of the bonds under this division shall include approval
24 of the issuance of any bonds issued to refund any bonds originally
25 issued under this division or any previously issued refunding bonds.

26 79813. The proceeds from the sale of bonds authorized by this
27 division are not “proceeds of taxes” as that term is used in Article
28 XIII B of the California Constitution, and the disbursement of
29 these proceeds is not subject to the limitations imposed by that
30 article.

31 SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary
32 Session of the Statutes of 2009, as amended by Section 1 of
33 Chapter 74 of the Statutes of 2012, is repealed.

34 SEC. 4. Section 2 of this act shall be submitted to the voters
35 at the November 4, 2014, statewide general election in accordance
36 with provisions of the Government Code and the Elections Code
37 governing the submission of a statewide measure to the voters.

38 SEC. 5. Section 2 of this act shall take effect upon the approval
39 by the voters of the Clean, Safe, and Reliable Drinking Water Act

1 of 2014, as set forth in that section at the November 4, 2014,
2 statewide general election.

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